

NCA
VOC FOR IOP/FN
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EDWARD CONLEY/TOKYO

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REDUCING JAPAN'S TRADE SURPLUS: BUT HOW?

ANNCR:

JAPAN, WHICH APPEARS SOMEWHAT EMBARRASSED BY ITS HUGE FISCAL 1977 OVERALL TRADE SURPLUS OF OVER FOURTEEN THOUSAND MILLION DOLLARS, IS SEEKING WAYS TO CUT BACK ITS INTERNATIONAL TRADE ADVANTAGE. VOA'S EDWARD CONLEY HAS THIS BACKGROUND REPORT FROM TOKYO.

VOICE:

IN JANUARY JAPANESE OFFICIALS TOLD THE UNITED STATES THEY WOULD CUT THEIR TRADE SURPLUS TO SIX THOUSAND MILLION DOLLARS IN FISCAL 1978. THAT'S WHEN THE 1977 SURPLUS WAS EXPECTED TO REACH TEN THOUSAND MILLION DOLLARS. IN MARCH JAPAN TOLD REPRESENTATIVES OF THE EUROPEAN ECONOMIC COMMUNITY ITS TRADE SURPLUS IN 1978 WOULD BE CUT TO ABOUT EIGHT THOUSAND MILLION DOLLARS. THAT'S WHEN JAPAN'S SURPLUS FOR FISCAL 1977 WAS EXPECTED TO REACH THIRTEEN THOUSAND MILLION DOLLARS.

BUT FINAL FIGURES FOR THE JAPANESE FISCAL YEAR WHICH ENDED LAST MONTH SHOW A RECORD SURPLUS OF MORE THAN FOURTEEN THOUSAND MILLION DOLLARS. THIS SUM REFLECTS JAPAN'S EXPORT-ORIENTED, IMPORT-RESTRICTIVE, POLICY. AND CUTTING IT BY EITHER EIGHT OR SIX THOUSAND MILLION DOLLARS IN A YEAR IS GOING TO BE DIFFICULT INDEED. YET THAT'S WHAT JAPAN'S FREE WORLD PARTNERS SAY MUST BE DONE TO EASE THE INTERNATIONAL ECONOMIC SITUATION. JAPAN AGREES, BUT THE QUESTION IS HOW.

TOP JAPANESE OFFICIALS REALIZE THEY MUST COME UP WITH AN ANSWER SOON, BEFORE PRIME MINISTER TAKEO FUKUDA'S SUMMIT MEETING WITH PRESIDENT CARTER IN WASHINGTON IN EARLY MAY AND BEFORE THE SUMMIT MEETING OF FREE WORLD INDUSTRIALIZED NATIONS WHICH TAKES PLACE IN WEST GERMANY IN JULY.

IN THE LONG RUN, OBSERVERS FEEL THIS YEAR'S RAPID APPRECIATION OF THE YEN -- MAKING JAPANESE EXPORTS MORE EXPENSIVE -- AS WELL AS VOLUNTARY EXPORT RESTRAINTS BY SOME JAPANESE INDUSTRIES, AND JAPAN'S PLEDGE TO SPEED UP ITS DOMESTIC ECONOMIC RECOVERY, WILL HELP TO CUT DOWN THE HUGE SURPLUS. BUT IMMEDIATE INDICATORS ARE NEEDED. JAPAN ALREADY IS IN THE PROCESS OF IMPORTING ON AN EMERGENCY BASIS OIL AND URANIUM NOT NEEDED NOW, BUT TO BE STOCKPILED FOR FUTURE USE. AND LATER THIS WEEK JAPANESE ECONOMIC AFFAIRS MINISTERS WILL MEET TO DISCUSS A NEW PACKAGE OF MEASURES TO SHRINK THE COUNTRY'S INTERNATIONAL TRADE SURPLUS.

AMONG THE POSSIBILITIES: A SHARP INCREASE IN DEVELOPMENT AID TO EMERGING NATIONS, AND GOVERNMENT LOANS TO DOMESTIC TRADERS TO HELP FINANCE EMERGENCY IMPORTS AND STOCKPILING OF RARE METALS SUCH AS NICKEL. TO ADD IMPETUS TO THE JAPANESE MOVES, THE COUNTRY'S CHIEF EXTERNAL ECONOMIC MINISTER, NOBUHIKO USHIBA, WHO RETURNED FROM EUROPE ON TUESDAY, HAS URGED THE GOVERNMENT TO IMPROVE ITS TARIFF-CUTTING OFFERS IN THE CURRENT TOKYO ROUND TRADE TALKS. MORE IMPORTS INTO JAPAN ALSO WILL HELP LOWER ITS TRADE SURPLUS. SO, AS THE MAY AND JULY SUMMITS APPROACH, JAPANESE ECONOMIC OFFICIALS ARE WORKING HARD TO TRY TO FIND THE FORMULA TO REDUCE THEIR SURPLUS AND EASE THE CRITICISM OF THEIR ALLIES.

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